



U.S.-KOREA TRADE AGREEMENT

Utah Farmers Will Benefit

December 2010

The U.S.-Korea Trade Agreement, known as the KORUS agreement, will immediately eliminate duties on nearly two-thirds of current U.S. agricultural exports to Korea and gives U.S. exporters improved access to the Korean market for many products that have been highly protected. The U.S. International Trade Commission estimates that annual U.S. agricultural exports to Korea will increase by a minimum of \$1.9 billion upon full implementation of the agreement.

The KORUS agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Utah agricultural products, including beef, dairy, and pork. Utah's agricultural exports to all countries, estimated at \$579 million in 2009, supported more than 4,600 jobs both on and off the farm. These export sales make an important contribution to the Utah farm economy, which had total cash receipts of \$1.2 billion in 2009.

Cattle and Beef. The state's largest agricultural industry, cash receipts from cattle and calf operations totaled \$244 million in 2009, or nearly 21 percent of the state's agricultural total. Under the KORUS agreement:

- For beef muscle meats, the agreement provides a 15-year straight-line tariff phase out of the 40 percent tariff reaching duty-free access in Year 15.
- For beef offals and variety meats, the agreement provides a 15-year straight-line phase out of the 18 percent tariff reaching duty-free access in Year 15.

Dairy Products. Farm cash receipts for dairy products totaled \$214 million in 2009. Under the KORUS agreement:

- Duty-free tariff-rate quotas (TRQ) will be established for cheese, skim/whole milk powder, food whey, and butter.
- U.S. feed whey exports, which totaled \$8 million in 2009, will gain duty-free access to the Korean market immediately upon implementation.

Hogs and Pork. With a total of \$155 million in 2009, Utah's hog industry is the state's fourth largest source of farm cash receipts. The KORUS agreement will provide many benefits to the hog and pork industry.

- Korea's tariffs on imports of more than 90 percent of U.S. pork products will become duty free on January 1, 2016 or sooner. This includes all frozen pork products as well as some fresh and processed pork products.
- Date-certain duty-free access will enhance the competitiveness of U.S. pork compared to product from the European Union and Canada.

Wheat. Utah's farm cash receipts for wheat totaled \$32 million in 2009. Under the KORUS agreement:

- An unlimited amount of U.S. wheat for milling can enter Korea duty free upon implementation of the agreement.
- Korea's imports of U.S. wheat will no longer be subject to Korea's 1.8-percent tariff or the 1-percent tariff under its autonomous TRQ.
- Although this tariff differential may be small, it provides a small tariff advantage when competing against Canada and Australia.

Selected Agricultural Product Exports For FY 2009 (Oct. 2008-Sept. 2009)		
Product	U.S. to World	Utah to World
Cattle and Beef	\$6,703,000,000	\$33,000,000
Dairy Products	\$2,335,000,000	\$23,000,000
Hogs and Pork	\$2,204,000,000	\$21,000,000
Wheat and Product	\$8,598,000,000	\$139,000,000
Agricultural Total	\$96,632,000,000	\$579,000,000

Compiled by ERS using data from Census Bureau, Commerce and NASS.

Note: All State export figures used herein are estimated on a fiscal year basis (October-September) by USDA's Economic Research Service (ERS); all State cash receipt figures are compiled by USDA's National Agricultural Statistics Service (NASS) and ERS on a calendar year basis.

For questions about the U.S.-Korea Trade Agreement and its impact on U.S. agriculture, please contact FAS Legislative and Public Affairs at (202)720-7115 or LPA@fas.usda.gov.